

# Invest in Indianapolis Phase II

## EXECUTIVE SUMMARY

### VISION

The Greater Indianapolis Chamber of Commerce has a vision for Indianapolis and central Indiana: be the best region in the world for business development and quality of life.

### PREAMBLE

The greater Indianapolis community has many challenges before it today. The need for investment in education and delivery of social services is great, both to alleviate root causes of increased crime and juvenile problems and to enhance everyone's quality of life. Inattention to these needs produces strain elsewhere, requiring greater and greater expenditure on child welfare and criminal justice. These and other issues are creating serious fiscal crises in local government and great distress in our community. The greater Indianapolis community must come together and work together to find solutions that achieve meaningful reform. To this end, the Chamber encourages the use of innovative means to address the underlying root causes of many social problems that contribute in large part to our current fiscal crises. The following report, which focuses on fiscal matters, is a first step in that pursuit.

### SITUATION

There is an urgent need to change the fact that local municipalities have no solid fiscal foundations from which to address current community needs and confront future fiscal challenges. In short, "quick fix" approaches can no longer be considered solutions. The Indianapolis community must focus its resources to help school districts, service providers and others achieve meaningful reform by working together to find long-term creative solutions to its fiscal challenges.

In an effort to forge the vision noted above, the Greater Indianapolis Chamber of Commerce assembled its Invest in Indianapolis Phase II Task Force to prepare a five-year financial model and make related remedial recommendations.

### OBJECTIVE

The Indianapolis Chamber hopes this effort will create a fiscal model and specific recommendations that will allow for enhanced long-term financial planning in local government. These tools and ideas should result in a decrease in crisis management and an increase in quality time and effort spent in monitoring, analyzing and innovating. The outcome should achieve our vision: "being the best region in the world for business development and quality of life." The Indianapolis Chamber recognizes these recommendations may be controversial and raise public debate; nevertheless, now is the time to begin addressing issues and making decisions, in a bipartisan manner that will shape the future of the greater Indianapolis community. Tough choices have to be made, and made soon.

### APPROACH

Interviews were conducted with 16 individuals identified as having the best knowledge, resources and insight about Indianapolis/Marion County and its fiscal structure.

### SCOPE OF FINANCIAL MODEL

For several reasons addressed in further detail in the report, the scope of the financial model was limited to the tax supported funds of the City and County.

### MAJOR CHALLENGES

The following Major Challenges were identified:

- Public Safety & Criminal Justice Expenditures
- Child Services Expenditures
- Elimination of Inventory Tax
- Diminishing Fund Balances
- Circuit Breaker Legislation

### RECOMMENDATIONS

1. Immediate implementation of City-County Council Special Resolution No. 34, 2006, Proposal #224.





In conjunction with these actions, the Indianapolis/Marion County City-County Council should:

- Use our forecasting tool on an annual basis,
  - Expand its use to all taxing entities in Marion County, including other government units, municipal corporations and school systems, and
  - Incorporate life cycle planning (capital budgeting) for information technology, vehicles and facilities into the multi-year planning activities.
2. The City Administration and City-County Council should immediately create an efficiency commission tasked with:
    - Increasing cross government accountability,
    - Seeking efficiency gains through
      - Shared services
      - Outsourcing
      - Joint purchasing
      - Privatization
    - Region-wide capital planning,
    - Sharing best practices,
    - Anticipating and planning for major projects on a regional basis,
    - Adhering to uniform third party fiscal reporting standards and practices,
    - Coordinating annual budgetary accountability for all public sector operations, such as the creation of a tax adjustment board.
  3. The Indiana General Assembly should enact legislation in the 2007 General Assembly to allow fiscal and structural "home rule."
  4. Municipalities should be empowered to pursue user fees, payments in lieu of taxes (PILOTs) and other voluntarily negotiated payments that target both persons who work, visit and consume in Marion County, as well as entities that own tax-exempt properties that benefit from investments made by local governments in Marion County.

Although not unanimous, the majority feels this option should be pursued, and the Indianapolis Chamber continues to support and advocate for this position.

5. The Indiana General Assembly should transfer funding for the Child Services Fund to the State of Indiana.
6. The State and City must address the growing crisis of police and fire pensions. Recommendations that should be considered are:
  - Blending of the City's old pension plans with the newer pension plans.
  - Convening an Indianapolis/Marion County Pension Commission to analyze and make corrective recommendations.
  - Evaluating solutions such as a shift to defined contribution plans for all future workers.
7. The Indiana General Assembly and/or the City Administration/ City-County Council should explore the following options to increase revenues on a regional and local basis:
  - The creation and licensing of a gaming facility located in or near the central business district of Indianapolis.
  - The licensing of gaming activities at existing horse racing facilities.
  - The creation of a County Option Income Tax of up to 0.25% (1/4 of 1%) in addition to the 1% currently allowed by state statute. The additional revenue generated by this tax would remain in the county in which a person is employed.

The Indianapolis Chamber believes that tax increases are an option of last resort and should be enacted only after the expense savings generated from the above recommendations are more fully understood and realized.

